

Message Text

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PAGE 01 BUDAPE 01098 061249Z

53

ACTION EB-07

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TO SECSTATE WASHDC 5711

INFO AMCONSUL MUNICH

AMEMBASSY VIENNA

AMEMBASSY MOSCOW

AMEMBASSY WARSAW

UNCLAS BUDAPEST 1098

DEPT PLEASE PASS AGRICULTURE FOR FAS

MUNICH FOR RFE

VIENNA FOR AGATT

EO 11652: N/A

TAGS: EAGR ETRD HU

SUBJECT: HUNGARIAN AGRICULTURE; 1976 GRAIN PROSPECTS

REF: (A) BUDAPEST 1006, (B) BUDAPEST 0882, (C) BUDAPEST 0757

1. ISTVAN MESZAROS, DIRECTOR GENERAL OF THE OFFICE OF ORGANIZATION AND SUPERVISION AT HUNGARIAN MINISTRY OF AGRICULTURE, MET WITH ECONOFF APRIL 5. HE EXPRESSED HIS REGRET AT NOT BEING ABLE TO RESPOND EARLIER TO EMBASSY REQUEST TO DISCUSS WINTER GRAIN SITUATION (REF C). MESZAROS COMMENTED THAT FOLLOWING HEAVY SNOWFALL IN EARLY MARCH IT WOULD HAVE BEEN DIFFICULT TO PROVIDE MEANINGFUL COMMENT, AND PRIOR TO THAT TIME HE HAD BEEN "FULLY OCCUPIED".

2. CURRENT WHEAT ACREAGE (1,355,000 HECTARES), HE SAID, IS ABOUT IDENTICAL TO THAT OF PREVIOUS YEAR BUT WITH CONSIDERABLY LESS WINTER DAMAGE EXPECTED. GIVEN CONTINUATION OF UNCLASSIFIED

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PAGE 02 BUDAPE 01098 061249Z

FAVORABLE CONDITIONS THROUGH HARVESTING, IT IS HOPED THAT

TOTAL PRODUCTION WILL REACH 5.0 MILLION TONS (REF B), UP FROM 1974 LEVEL OF 4.0 MILLION TONS. SOWING CONDITIONS WERE MUCH BETTER IN THE FALL OF 1975, AND AS OF THE END OF MARCH TOTAL DAMAGE ESTIMATES FROM THE EARLY MARCH SNOWFALL WERE LIMITED TO LESS THAN ONE-HALF OF ONE PERCENT OF THE TOTAL CROP; SIMILAR WINTER DAMAGE IN 1975 WAS ONE AND ONE-HALF PERCENT.

3. CORN PLANTING SHOULD BE COMPLETED WITHIN THE NEXT TEN DAYS ON ACREAGE VIRTUALLY UNCHANGED FROM 1975 (1.5 MILLION HECTARES). MINISTRY OF AGRICULTURE HOPING FOR RESULTS EQUAL TO OR SLIGHTLY BETTER THAN THOSE OF 1975 (7.0 MILLION TONS); LAST YEAR GOH EXPORTED APPROXIMATELY 12 PERCENT OF THIS AMOUNT OR 840,000 TONS. WHEN ASKED, MESZAROS SAID THAT UNDER CEMA GRAIN AGREEMENTS (REF A) IF HUNGARY SUFFERS A DISASTROUS WHEAT YIELD CORN CAN BE SUBSTITUTED TO EXTENT POSSIBLE.

4. RE OTHER GRAINS MESZAROS EXPECTS OUTPUT WILL NOT DIFFER MARKEDLY FROM NORMS AND PROVIDED FOLLOWING ACREAGE DATA: BARLEY, 100,000 HECTARES; RYE, 96,000 HECTARES; AND TRITICALE, 5,000 HECTARES.

5. ACCORDING TO MESZAROS LAST YEAR'S PROBLEMS IN THE DOMESTIC SUGAR INDUSTRY RESULTED FROM POOR SOWING CONDITIONS IN THE FALL OF 1974, PLANTING BY FARMERS OF SUGAR BEETS WITH HIGH YIELD BUT LOW-SUGAR CONTENT, AND INADEQUATE SUGAR REFINING CAPACITY AT PEAK PERIODS WITH CONSEQUENT STORAGE OF SUGAR BEETS, DURING WHICH TIME BEETS LOST MUCH OF THEIR SUGAR. FOR THE CURRENT SEASON SUGAR BEETS HAVE BEEN PLANTED ON 130,000 HECTARES AND SOWING CONDITIONS IN AUTUMN OF 1976 WERE CONSIDERABLY BETTER THAN IN 1974. IN ADDITION, FARMERS WILL BE PAID NOT ONLY ON THE BASIS OF PRODUCTION BUT ALSO ON SUGAR CONTENT; PREMIUMS ARE AVAILABLE FOR THOSE FARMERS WHO TIME HARVEST FOR PERIODS BEFORE OR AFTER PEAK SEASON; AND THE STATE, USING AS IN THE PAST ARMED FORCES LABOR, WILL INCREASE ITS ASSISTANCE IN PROVIDING TIMELY SHIPMENT OF SUGAR BEETS TO PROCESSING PLANTS. THE GOH HAS ONE NEW MAJOR SUGAR PLANT PLANNED, TO BE BUILT BY A POLISH FIRM, UNCLASSIFIED

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PAGE 03 BUDAPE 01098 061249Z

BUT THE UNIT WILL NOT BE COMPLETED FOR SEVERAL YEARS. ONLY ONE CORN SUGAR PROTOTYPE REFINERY IS ENVISAGED AT THE PRESENT TIME. MESZAROS NOTED THAT IF ALL CONDITIONS WERE IDEAL, HUNGARY COULD SATISFY DEMAND WITH DOMESTIC SUGAR BEET PRODS TIGUENM MCAULIFFE

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